Economic Development

REPORT ON PLANS AND PRIORITIES 2010-2011

Estimates

Christian Paradis

Minister of Natural Resources and Minister responsible
for the Economic Development Agency of Canada
for the Regions of Quebec

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MESSAGE FROM THE MINISTER RESPONSIBLE FOR THE AGENCY

I am pleased to submit the *Report on Plans and Priorities 2010-2011* of the Economic Development Agency of Canada for the Regions of Quebec.

The global economy has been under severe strain over the past year. To support enterprises and workers and help the regions deal with this upheaval, the Government of Canada introduced unprecedented assistance measures. The challenges were considerable, but our rapid action to hoist the Canadian economy back on the rails has already borne fruit, particularly in terms of job maintenance and creation.

In implementing its *Economic Action Plan*, not only has the Government of Canada contributed to the economic recovery, it has also sent entrepreneurs a clear signal of its intention to support innovation and the development of sectors of activity conducive to the regions' outreach.

Already central to the Government of Canada's support for small and medium-sized enterprises, Canada Economic Development played a key role in the implementation of the exceptional recovery measures we introduced.

This Report describes how the Agency intends to pursue its mandate through its programs and initiatives over the coming year so as to foster the development of Quebec enterprises and communities. Once again, Canada Economic Development is working to meet the challenges posed by the economy and to provide its full support to the regions of Quebec.

Christian Paradis

Minister of Natural Resources and Minister responsible
for the Economic Development Agency of Canada
for the Regions of Quebec

MESSAGE FROM THE MINISTER OF STATE FOR THE AGENCY

Since its creation, the Economic Development Agency of Canada for the Regions of Quebec has targeted its action on the basis of regional economic priorities and challenges, in line with Government of Canada priorities. In 2009-2010, the Agency was called upon to implement special measures to help Quebec enterprises and communities negotiate the troubled global economic waters.

More than ever, the Agency has played a leading role in supporting diversification, innovation and development of Quebec's regions. The *Community Adjustment Fund* and the *Recreational Infrastructure Canada* program are among the *Economic Action Plan* initiatives that have been added to our regular programming and have helped lessen the impact of the economic downturn on the regions.

Over the coming year, Canada Economic Development will build on its momentum to help communities consolidate their gains, diversify and continue to grow to their full potential. The priorities for action will be to: facilitate communities' adjustment to economic shocks; support the economy of tomorrow by strengthening SMEs' productivity and performance; support communities' development; and support regional economic development stakeholders' decision-making processes through implementation of the *Regional Development Research* program.

In targeting these priorities, the Agency, along with all its partners, will continue its support for the completion of projects whose impact will be beneficial for the stability and development of regional economies.

I invite you to read through this Report, which presents the Agency's priorities and expected results over the next fiscal year, in support of the economic vitality of Quebec's regions.

Denis Lebel

Minister of State for the Economic Development Agency of Canada for the Regions of Quebec

1 AGENCY OVERVIEW

1.1 Summary information

1.1.1 Raison d'être

Object

Under its Act, which came into effect on October 5, 2005, the object of the Agency is to promote the long-term economic development of the regions of Quebec by giving special attention to those where slow economic growth is prevalent or opportunities for productive employment are inadequate. In carrying out its object, the Agency shall take such measures as will promote co-operation and complementarity with Quebec and communities in Quebec.

Vision

In the long term, Quebec's regions and communities will have increased their development capabilities, dynamism and prosperity in a significant, lasting manner for the benefit of their residents.

In the performance of its mandate, the Agency takes an integrated approach to regional development.

Global: it takes economic, social, cultural and environmental dimensions into account in the design of policies, programs and initiatives.

Territorial: it establishes strategies geared to the type of area defined in terms of similar socio-economic issues.

Horizontal: it builds on co-operation and collaboration with federal partners, the Government of Quebec, and Quebec communities.

Participatory: it elicits participation by the economic stakeholders concerned.

1.1.2 The Agency in action

The Agency aims to increase communities' vitality and reinforce the competitiveness of Quebec enterprises and regions. It covers all areas of Quebec through its 14 business offices and its advisors, and acts primarily in relation to small- and medium-sized enterprises (SMEs) and non-profit organizations (NPOs).

Through its regular programming, the Agency offers consulting and information services, and financial assistance. Whether a promoter is looking to fine-tune a business plan, action plan or project, or to put together a financing package and find funding sources, the Agency's advisors can guide him from the design stage of his project through to its execution. The Agency also acts in relation to communities by playing an active role in the mobilization, revitalization or development of a given sector or target area.

The Agency can also count on a network of federally funded development organizations across Quebec: 57 Community Futures Development Corporations located in designated rural regions; 10 Business Development Centres located in peri-urban areas; and 14 Community Economic Development Corporations located in disadvantaged urban areas.

Furthermore, *Canada's Economic Action Plan* (CEAP), tabled on January 27, 2009, provided the Agency with additional funding for fiscal years 2009-2010 and 2010-2011. Used as a short-term economic stimulus, this funding is intended to create employment opportunities and implement adjustment measures in communities affected by the economic downturn. In particular, CEAP includes the *Recreational Infrastructure Canada* (RInC) program and the *Community Adjustment Fund* (CAF) initiative.

Regular programming:

- *Community Diversification*
- *Business and Regional Growth*
- *Regional Development Research*

CEAP programming:*

- *Recreational Infrastructure Canada*
- *Contribution program to supply the Municipality of Shannon with drinking water*

Canada-wide program implemented in Quebec by the Agency:

- *Community Futures Program* (CFP)

* The *Community Adjustment Fund*, stemming from CEAP, is implemented through the Agency's regular programs: *Community Diversification* and *Business and Regional Growth*.

The Agency funds Info entrepreneurs[1] in Montreal and Ressources Entreprises[2] in Quebec City—the two Canada Business Service Centres located in Quebec—which provide entrepreneurs with business information services and referrals to specialized resources.

1.2 Strategic outcome and Program Activity Architecture (PAA)

To reflect the approach to intervention more closely, the Agency's PAA has since April 1, 2010, combined its three strategic outcomes in a single one.[3] This new wording accurately reflects the Agency's objective and has no impact on the nature of its activities. Thus, the framework of activities and related subactivities remains unchanged from the framework presented in the RPP 2009-2010. This year's Report sets out the plans and priorities in line with these components. Further information on the Agency's strategic outcome is given in Section 2.

1 www.infoentrepreneurs.org

2 www.ressourcesentreprises.org/Home.aspx

3 In the RPP 2009-2010, the Agency used the following three strategic outcomes:

- Dynamic and revitalized communities that have a better socio-economic outlook and are developing their economic activity base.
- Presence of conditions conducive to sustainable growth and the competitive positioning of SMEs and regions.
- Policies, programs and co-operative actions that strengthen the economy of Quebec regions.

Strategic outcome	Program activities	Program subactivities	Internal services
A competitive and diversified economy for the regions of Quebec	*Community Development*	▪ *Community mobilization* ▪ *Local development* ▪ *Attractive communities*	Governance and management support Resource management services Asset management services
	Infrastructure	▪ *Water quality* ▪ *Roads and public transportation* ▪ *Urban or regional projects* ▪ *Special infrastructure-dedicated programs*[1]	
	Special intervention measures	▪ *Community adjustment to economic shocks*[1] ▪ *Community adjustment to natural disasters* AS REQUIRED SOLELY AD-HOC FUNDING	
	Enterprise Competitiveness	▪ *Enterprise capacity development* ▪ *Strategic enterprises*	
	Competitive positioning of sectors and regions	▪ *Competitiveness poles* ▪ *International promotion of regions*	
	Policies, programs and initiatives	▪ *Analysis and research* ▪ *Policies and programs* ▪ *Representation and influence* ▪ *Co-operation and collaboration*	

Note:

1 These program subactivities involve measures associated with *Canada's Economic Action Plan*. Thus, the *Community Adjustment Fund* comes under *Community adjustment to economic shocks*, while the *Recreational Infrastructure Canada* program and the *Contribution program to supply the Municipality of Shannon with drinking water* come under *Special programs dedicated to infrastructure*.

1.3 Planning summary

This section provides an overview of planned human resources (expressed as full-time equivalents) and financial resources (grants and contributions, and operations), along with a summary chart portraying Agency planning for the next three fiscal years. Further information is presented in Section 2. Note that the financial tables reflect the measures announced in *Canada's Economic Action Plan* (CEAP), whose funds are aimed at reducing, in the short term, the impact of the economic downturn and supporting community recreational infrastructure projects.

For its strategic outcome and each of its program activities, the Agency has established results targets. But regional economic development largely depends, on the one hand, on local and regional enterprises and economic stakeholders who design and execute the projects it supports and, on the other hand, on the strength of the anticipated economic recovery. The business opportunities arising from the recovery will influence the quantity, scale, timetable and success rate of the projects the Agency supports.

Human resources planning is integrated with overall Departmental planning. To that effect, tools have been developed to help managers evaluate their current and future human resources needs, highlighting in particular the gaps that may exist between their current capabilities and their operational challenges as anticipated over the next three years. On completion of this yearly exercise, the Agency is therefore in a position to determine its priorities for action and corporate strategies with respect to hiring, promotion, succession management or further training. These strategies then guide managers in their decisions in such a way as to facilitate the attainment of objectives while motivating employees to harness their skills more effectively and facilitate their professional development.

Financial and human resources

Financial resources[1] *(in thousands of dollars)*			Human resources[1] *(full-time equivalent – FTE)*		
2010-2011	2011-2012	2012-2013	2010-2011	2011-2012	2012-2013
463,350	*251,513*	*232,002*	417	363	361

Note:

1 The substantial decrease in the budget and FTEs in 2011-2012 compared with 2010-2011 is mainly attributable to the termination of CEAP funding.

PLANNING SUMMARY CHART[1]

Strategic outcome: *A competitive and diversified economy for the regions of Quebec*

Performance indicators		**Five-year target (from 2007-2008 to 2011-2012)**			
Indicator of the competitiveness and diversification level of Quebec regions Direct, indirect and induced impacts in terms of jobs and wealth generated		The competitiveness and economic diversification of Quebec regions are maintained or increased.			
Program activities[2]	**Forecast spending 2009-2010** *(in thousands of dollars)*	**Planned spending** *(in thousands of dollars)*			**Alignment to Government of Canada outcomes[3]**
		2010-2011	**2011-2012**	**2012-2013**	
Community Development	*143,219*	*136,811*	*133,323*	*121,640*	Strong economic growth
Infrastructure	*46,611*	*82,486*	*339*	*342*	Strong economic growth
Special intervention measures	*100,651*	*110,171*	—	—	Strong economic growth
Enterprise Competitiveness	*75,733*	*73,759*	*68,008*	*62,167*	Strong economic growth
Competitive positioning of sectors and regions	*32,055*	*33,541*	*23,648*	*21,698*	Strong economic growth
Policies, programs and initiatives	*5,228*	*5,271*	*5,233*	*5,224*	Strong economic growth
Internal services	*22,477*	*21,311*	*20,962*	*20,931*	
Total planned spending	***425,974***	***463,350***	***251,513***	***232,002***	

Notes:

1 This chart includes grants and contributions expenditures and operating expenditures. *Internal services* include only operating expenditures.

2 Estimates at: www.tbs-sct.gc.ca/est-pre/index-eng.asp

3 www.tbs-sct.gc.ca/reports-rapports/cp-rc/2008-2009/cp-rc03-eng.asp#strong

1.4 Contribution of priorities to strategic outcome

The Agency has selected seven priorities for fiscal year 2010-2011: four program priorities, and three management priorities. These are in line with those presented in the Agency's *Report on Plans and Priorities* in 2009-2010.

Program priorities:

- Facilitate communities' adjustment to economic shocks
- Support the economy of tomorrow by strengthening SMEs' productivity and performance
- Support communities' development
- Support regional economic development stakeholders' decision-making processes.

Management priorities:

- Increase analysis and sharing of performance information
- Continue integrating risk management into decision-making
- Renew the Agency's policy directions.

Priorities represent the areas on which the Agency has decided to focus. It allocates part of its resources to them on the basis of the regions' new socio-economic challenges and Departmental results, and in response to new government priorities. The Agency's overall intervention is covered in Section 2, which presents total planned spending by program activity.

Overview of contribution of priorities to strategic outcome:
A competitive and diversified economy for the regions of Quebec

Program priorities	Type	Links to program activities	Description
Facilitate communities' adjustment to economic shocks	Previously committed to during FY 2009-2010	*Infrastructure* *Special intervention measures*	**Why is this a priority?** This priority is linked to *Canada's Economic Action Plan*, which aims to sustain Canada's economy. **Plan for meeting the priority** Regional business plans – by emphasizing: ▪ Support for entrepreneurship and creation or maintenance of viable enterprises ▪ Construction of recreational infrastructure
Support the economy of tomorrow by strengthening SMEs' productivity and performance	New – Committed to during the fiscal year covered by the RPP	*Enterprise Competitiveness*	**Why is this a priority?** It is important to invest in long-term economic development by continuing to support Quebec enterprises and regions and giving them the means to prepare for the economy of tomorrow. This means working on strengthening the commercialization of innovation and creating innovative enterprises. **Plan for meeting the priority** Regional business plans – by emphasizing: ▪ Enterprises' strategic capabilities ▪ Startup of innovative enterprises
Support communities' development	Previously committed to during FY 2009-2010	*Community Development*	**Why is this a priority?** In a long-term perspective, the Agency will be able to help Quebec communities and regions be more dynamic by maintaining and diversifying their economic activity base to foster the emergence of new entrepreneurs and enterprises, and by attracting tourists from outside Quebec and retaining a skilled labour force. **Plan for meeting the priority** Regional business plans – by emphasizing: ▪ Creation and development of local and regional SMEs ▪ Enhancement of regional assets

Continued on page 12

Overview of contribution of priorities to strategic outcome: *A competitive and diversified economy for the regions of Quebec* (cont'd)

Program priorities	Type	Links to program activities	Description
Support regional economic development stakeholders' decision-making processes	Previously committed to during FY 2009-2010	*Policies, programs and initiatives*	**Why is this a priority?** Knowledge generated will strengthen the capabilities of all regional economic development stakeholders. **Plan for meeting the priority** Implementation of the *Regional Development Research* program

Management priorities	Type	Links to program activities	Description
Increase analysis and sharing of performance information	Previously committed to during FY 2009-2010	*Internal services*	**Why is this a priority?** This is a sound results-based management practice. **Plan for meeting the priority** Integrate performance into program management.
Continue integrating risk management into decision-making	Previously committed to during FY 2009-2010	*Internal services*	**Why is this a priority?** This approach helps enhance management efficiency and optimize resource use. **Plan for meeting the priority** Enhance decision-making by integrating risk.
Renew the Agency's policy directions	New – Committed to during the fiscal year covered by the RPP	*Internal services*	**Why is this a priority?** The Agency's policy directions are reviewed every five years. **Plan for meeting the priority** Analyses are planned.

1.4.1 Program priorities

While a modest economic recovery is anticipated, the Agency must continue more than ever to support SMEs and communities. It intends to help them face the challenges of the economy of tomorrow by supporting the diversification of regional economies and the productivity and innovation capability of Quebec SMEs, and encouraging communities to take charge of their own development strategies.

Priority #1: Facilitate communities' adjustment to economic shocks

The economic situation remains particularly troubled in several Quebec regions, although a recovery has already begun in Canada and the results of *Canada's Economic Action Plan* (CEAP) are being felt. The Agency will thus pursue implementation of short-term CEAP initiatives, which aim to help Quebec communities through the crisis while mitigating its impact. These efforts to support the process of diversification of regional economies also translates into investment in necessary infrastructure.

The Agency will support regions and communities so they can diversify and develop new economic activities, by targeting the following areas:

- **reduction of socio-economic difficulties for devitalized communities**

  A number of communities, particularly those that depend heavily on natural resources, such as forestry and fishing, were hard hit by enterprises closing down. Already vulnerable, economic activity and the business climate in those communities deteriorated. In that context, the Agency intends to support local stakeholders in their structured approach toward economic recovery.

- **support for communities affected by the economic downturn**

  The Agency will continue to implement the *Community Adjustment Fund* (CAF) and the *Recreational Infrastructure Canada* (RInC) program in the regions of Quebec. These two CEAP measures constitute a response to the economic downturn and are aimed at creating short-term jobs.

Priority #2: Support the economy of tomorrow by strengthening SMEs' productivity and performance

To fulfil its regional economic development mandate, the Agency wishes to support projects likely to respond to the issues specific to the regions and SMEs, so as to create conditions conducive to sustainable growth and the competitive positioning of sectors and regions. Thus, to support the economy of tomorrow and strengthen SME's productivity and performance, the Agency intends to focus its action particularly on the following areas:

- **commercialization of innovation**
  The Agency will support projects likely to enhance enterprises' performance with respect to commercial promotion of technology and innovation, thus contributing to the creation of wealth and the enhancement of enterprises' productivity and competitiveness.
- **value chain management**

  The Agency will support projects likely to foster improved management of production, supply and distribution logistics in enterprises, thus contributing to the enhancement of enterprises' productivity and performance.

- **creation of innovative enterprises**

  The Agency will support projects likely to foster the pre-startup and startup of innovative enterprises, thus contributing to the development and consolidation of priority niches in the regions.

Priority #3: Support communities' development

To fulfil its regional development mandate, the Agency wishes to support the completion of projects likely to mitigate socio-economic adjustment difficulties and facilitate the economic diversification of Quebec regions and communities. The Agency intends to focus its action on the following areas in particular:

- **creation and development of local and regional SMEs**

  The Agency will assist communities through support for the creation and development of viable SMEs of local or regional scope, thus contributing to enriching the entrepreneurial fabric and increasing the number and quality of enterprises and entrepreneurs.

- **enhancement of regional assets**

  The Agency intends to increase communities' attraction capability through development of a distinctive tourism offering reaching beyond Quebec and the presence of community economic facilities, such as ferry wharves or intermodal stations, which enhance economic activity. Such action will help attract tourists and retain a skilled labour force.

Priority #4: Support regional economic development stakeholders' decision-making processes

Through this priority, the Agency is continuing its efforts to achieve the results of the *Policies, programs and initiatives* program activity.

In a knowledge economy, knowledge is a key factor in competitiveness for regions, communities and enterprises. Development issues are complex, and development agents require a shared understanding of the issues facing them in order to be able to work in a concerted manner and generate tangible, sustainable results.

The goal of the *Regional Development Research* program is to generate and disseminate knowledge on issues, problems and best practices in regional development. In the current economic context, this program reinforces capabilities for preparing the future. Its continued implementation will stimulate the sharing of knowledge and collaboration among decision-makers, experts and economic development organizations.

1.4.2 Management priorities

In early 2008, the Agency established a management plan that contributes to fine-tuning certain business practices to ensure sound management of public funds and report its results more effectively. The management priorities for 2010-2011 stem from this management agenda, in line with those previously mentioned in the Agency's *Report on Plans and Priorities 2009-2010*, since their implementation plans were spread over more than one year.

Priority #5: Increase analysis and sharing of performance information

Since the implementation of its new programs in 2007-2008, the Agency has considerably increased its ability to measure and monitor the performance of its grants and contributions projects.

The substantial progress achieved on this front means the Agency will have, from 2010-2011 onward, more accurate data that will enable it not only to continue measuring the overall performance of its program activities for reporting purposes, but also to support internal decision-making.

New information products on program performance will be developed and shared this year, so as for instance to:

- contribute to the reflection that will be taking place concerning the renewal of the Agency's policy directions
- support the establishment of strategic and operational results targets.

Beyond integration with decision-making, internal circulation of program performance data will foster greater control of results-based management throughout the Agency.

Priority #6: Continue integrating risk management into decision-making

In line with the sound management practices set out in the *Agency's Management Accountability Framework* (MAF), implementation of integrated risk management will be continued, at every level of the organization. This approach means the greatest risks are taken into account.

In line with the findings of the MAF evaluations, efforts will be made in 2010-2011 to address risks in decision-making processes more effectively and ensure viable practice of risk management. To that end, action will be taken on two levels:

- At the corporate level, where Departmental risk management will be integrated in particular with activity planning, decision-making and reports to Parliament;

- At the operational level, business processes incorporate the new requirements of the *Policy on Transfer Payments* in connection with risk management, and this will have the effect, in some cases, of lightening promoters' administrative burden.

Priority #7: Renew the Agency's policy directions

To be better able to help Quebec regions meet the challenges of the years to come, the Agency is to start reviewing its policy directions. This process involves rigorous analysis of the trends and development context of the next few years. These new policy directions will serve as the basis for the programming renewal scheduled for 2012.

1.5 Analysis of risks

External risks

In its desire to attain its results, the Agency has to have an overview of the changing factors that have a marked impact on its environment. In that way, it is able to integrate these changes into its decision-making processes so as to respond more effectively to the new needs of Quebec enterprises, regions and communities.

Since late 2008, the most significant external factor has been the deteriorating economic situation in Quebec, a direct result of the global financial crisis. The problems of the financial market led to a marked slowdown in Quebec exports, tighter credit and a decline in Quebec households' purchasing power. The manufacturing sector, accounting for 90% of the province's exports of goods, was especially hard hit. Slower growth was seen even in sectors enjoying sound competitive capability in the medium term.

More serious difficulties affected those sectors which had been experiencing competitiveness issues for the past 10 years or so (i.e., textiles, apparel, leather, wood products, printing and paper). The pulp and paper sector, struggling with a marked decline in U.S. newsprint consumption, was hard hit in the past year, with the closing of several mills in Quebec. The steep decline in residential construction in the U.S. especially affected Quebec's forestry industry. Finally, the consumer goods sectors, already under pressure from competition from emerging countries, also posted job losses.

The modest economic recovery anticipated for 2010-2011 will force economic agents to revise their strategies. In particular, households could continue to readjust their consumption of durable goods downward, while enterprises could continue postponing certain investments.

Internal risks

As to internal corporate risks, these are determined through a rigorous approach involving all Agency sectors along with senior management. It was in a perspective of evolving external and internal factors that the Agency drew up its corporate risk profile representing the sectors most likely to hamper the attainment of results. The mitigation strategies identified will be implemented in 2010-2011 to ensure that the impact of risks is reduced.

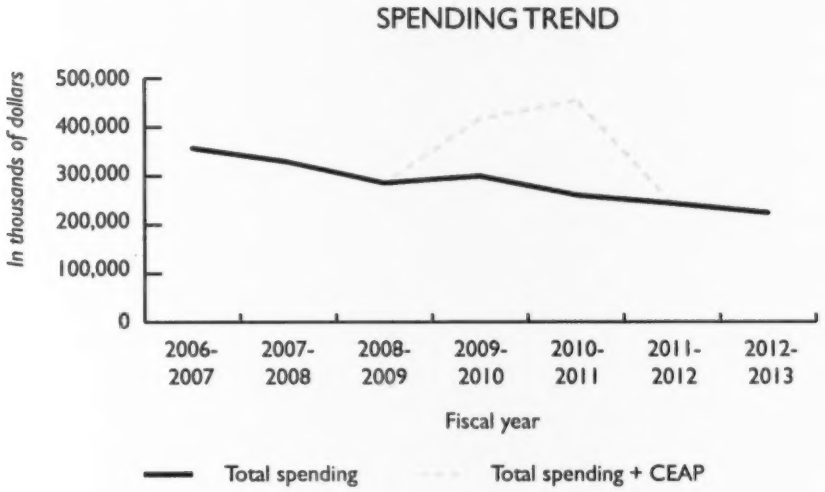
Key corporate risks[1]	Mitigation strategies
Governance Draft relevant corporate policy directions in time for program renewal	■ Internal study and analysis timetable to support the Agency's work ■ Prospective studies conducted within the framework of program evaluations.
Performance Strengthen data reliability to support informed decision-making	■ Development of data collection tools ■ Development and strengthening of data quality controls.
Risk management Integrate risk management into activity planning, from decision-making to reporting	■ Integration of the corporate risk profile into the *Report on Plans and Priorities 2010-2011* ■ More frequent monitoring of risks and mitigation strategies by a committee of directors general ■ Report on risk management in the *Performance Measurement Report 2010-2011.*
Information management Manage information-based resources and their security	■ Continue the pilot project on the use of security keys for email ■ Develop a pilot awareness session project on government security policy ■ Mandatory training on basic information management concepts.
Internal control Strengthen oversight of program delivery and management of corporate finances	■ Introduction of a new risk-based claims processing procedure.

Note:

1 These risks are associated with attainment of the results of PAA program activities.

1.6 Expenditure profile

1.6.1 Spending trend



Canada's Economic Action Plan (CEAP) has a significant impact on spending trends. In fact, CEAP planned spending is $118.4 million and $194.5 million respectively for 2009-2010 and 2010-2011, on top of expenditures already budgeted for those two fiscal years.

As the spending trend curve shows, the Agency anticipates a gradual drop in its expenditures, aside from CEAP spending, from 2009-2010 to 2012-2013. In fact, planned spending falls from $307.6 million in 2009-2010 to $232 million in 2012-2013. This decline is primarily attributable to the termination of programs under mandates for which the Agency received dedicated funding (*Infrastructure Canada Program* and *Canadian Apparel and Textile Industries Program*) and the termination as of March 31, 2010 of $73 million in temporary funding received for five years.

1.6.2 *Canada's Economic Action Plan*

Financial resources *(in thousands of dollars)*		Human resources *(full-time equivalent – FTEs)*	
2009-2010	2010-2011	2009-2010	2010-2011
118,377	*194,481*	43	43

The 2009 federal budget gave the Agency $312.8 million in additional funding for fiscal years 2009-2010 and 2010-2011 under CEAP. Under the names *Community Adjustment Fund* (CAF), *Recreational Infrastructure Canada* (RInC) and *Contribution program to supply the Municipality of Shannon with drinking water* (Shannon), along with the funding awarded to the Physical Education and Sport Centre (PEPS) at Laval University and the Canada Business network, these short-term economic stimulus measures are intended to create job opportunities and support adjustment measures in communities hit by the economic downturn so as to help them find a new balance or economic stability.

1.7 Voted and statutory items

(in thousands of dollars)

Vote # or statutory item (S)	Truncated vote or statutory wording	2009-2010 Main Estimates[1]	2010-2011 Main Estimates[1]
1	Operating expenditures	*41,880*	*47,083*
5	Grants and contributions	*240,435*	*376,443*
S	Contributions to employee benefit plans	*5,113*	*5,634*
S	Minister of State – Motor car allowance	—	*2*
	Total	***287,428***	***429,162***

Note:

1 www.tbs-sct.gc.ca/est-pre/index-eng.asp

The Main Estimates 2010-2011 of $429.2 million are $141.7 million higher than in 2009-2010, primarily as a result of CEAP.

2 ANALYSIS OF PROGRAM ACTIVITIES FOR THE STRATEGIC OUTCOME

This section provides information on the Agency's strategic outcome, challenges and program activities. For each program activity there is a *Program activity summary* subsection, which presents a brief description of the activity, as well as a *Planning highlights and benefits to Canadians* subsection, which outlines briefly how each program activity will support the plans, priorities and strategic outcome set out in Section 1.

2.1 Strategic outcome: *A competitive and diversified economy for the regions of Quebec*

This outcome reflects the object of the *Act establishing the Economic Development Agency of Canada for the Regions of Quebec*: to promote the development and diversification of the economy of the regions of Quebec. This single strategic outcome, compared with the three strategic outcomes presented in the RPP 2009-2010, provides for better integration between development of communities and competitiveness of enterprises and regions.

2.1.1 Challenges associated with the strategic outcome

For communities

Several regions or communities whose economy is traditionally based on natural resources and which are generally far from the major markets are having difficulty diversifying their economic base. Owing to their heavy economic dependency on a small number of industries or sectors, these communities are hardest hit in the event of a crisis. The global economic downturn has led to even greater adjustment difficulties for communities posting slow economic growth.

For SMEs

Enterprises and regions operate in a context featuring a strong process of economic integration in which several emerging economies are present. Combined with the growing pace of technological progress, this generates multiple opportunities (access to new markets and new ideas) but also brings substantial adjustments (redeployment of workers, new business models). It is through an increase in the competitiveness of SMEs and regions that wealth and employment will be created.

The economic downturn has had and continues to have a negative impact on the growth and competitive positioning of SMEs and regions. In that context, the Agency has to pursue its work with economic development agents and be innovative in its intervention so as to help enterprises and regions take advantage of the anticipated modest economic recovery.

2.1.2 Plan for meeting the challenges

To meet the challenges affecting communities and SMEs in association with the strategic outcome, the Agency intervenes in six areas of activity:

- *Development of communities*
- *Infrastructure*
- *Special intervention measures*
- *Competitiveness of enterprises*
- *Competitive positioning of sectors and regions*
- *Policies, programs and initiatives.*

These program activities are implemented in the form of financial assistance accessible through the 14 business offices and an Infrastructure Branch, which also provide consulting and information services. In addition, to support the development and implementation of policies and programs, the Agency analyses the needs of Quebec regions and communities with respect to regional economic development, in conjunction with its federal and Quebec government partners. This strategic outcome contributes to attainment of the Government of Canada's outcome: *Strong economic growth.*

2.2 Program activities

The following subsection presents all program activities along with the elements specific to *Canada's Economic Action Plan* (CEAP). Since the measures dedicated to CEAP are ad-hoc measures specific to fiscal years 2009-2010 and 2010-2011, they are presented separately.

Under CEAP, the *Community Adjustment Fund* (CAF) is implemented through two of the Agency's regular programs, *Community Diversification* and *Business and Regional Growth.* Two other programs were set up to respond specifically to CEAP: *Recreational Infrastructure Canada* and the *Contribution program to supply the Municipality of Shannon with drinking water.*

2.2.1 Program activity: *Community Development*

Human resources (FTEs) and planned spending *(in thousands of dollars)*					
2010-2011		2011-2012		2012-2013	
FTEs	Planned spending	FTEs	Planned spending	FTEs	Planned spending
100	*136,811*	99	*133,323*	98	*121,640*

Program activity expected results	Performance indicators	Annual targets 2010-2011[1]
Communities have capabilities for socio-economic adjustment, and support for emergence of new entrepreneurs and development of local and regional enterprises.	Number of communities engaged in mobilization process	30
	Number of local and regional enterprises being developed, maintained or established	300
Regions attract tourists and investment, and this generates economic spinoffs within communities.	Number of tourism products and services being developed, expanded or upgraded	60
	Number of tourism products and destinations being commercialized	40
	Number of major community and tourism facilities being developed, expanded or modernized	12
	Number of new or improved growth-generating tourism projects	8

Note:

1 *Community Futures Program* (CFP) performance targets are not included.

Program activity summary

A community's vitality depends on its ability to bring its assets to bear in order to develop. The Agency fosters the dynamism of Quebec communities through maintenance and development of their economic activity base.

The goals targeted by the *Community Development* program activity are the following:

- Community mobilization: by fostering the development of communities and increasing their mobilization through development of visions and projects of local and regional scope.
- Local development: by assisting communities through entrepreneurship support and the creation or maintenance of viable enterprises.
- Attractive communities: by increasing communities' ability to attract tourists and skilled individuals.

The Agency intervenes directly in regard to SMEs and NPOs through two grants and contributions programs: *Community Diversification*[4] and the *Community Futures Program*.[5]

Planning highlights and benefits to Canadians

This program activity enables Quebec regions and communities to maintain and develop their economic activity base. This is all the more crucial since the recent economic downturn generated a negative impact on communities' vitality, such as an increase in the number of vulnerable communities, the closing of SMEs of local and regional scope, or a drop in the number of tourists from outside Quebec.

Maintenance or improvement of qualify of life is a pre-condition for creating an environment that enables enterprises and regions to become more competitive and dynamic. In conjunction with other economic and regional development agents, the Agency intends to increase support for communities so they can diversify their economic activity base by stimulating the emergence of new entrepreneurs and enterprises, and by attracting tourists from outside Quebec and retaining a skilled labour force. Also, through the economic development initiative devoted to official language minority communities in Quebec, the Agency intends to provide more support for diversification and entrepreneurship initiatives from those communities.

Under *Canada's Economic Action Plan*, the Agency awarded $4.5 million in funding to Laval University's Physical Education and Sport Centre (PEPS). This funding will help increase hosting capacity at major events and make it possible to provide broader sports programming.

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4 www.dec-ced.gc.ca/eng/programs/diversification/diversification.html

5 www.dec-ced.gc.ca/eng/programs/cfp/cfp.html

The Agency's intervention in *Community Development* is in line with the priority *Support communities' development* through the creation and development of local and regional SMEs, and the enhancement of regional assets.

2.2.2 Program activity: *Infrastructure*

Human resources (FTEs) and planned spending *(in thousands of dollars)*[1]					
2010-2011		2011-2012		2012-2013	
FTEs	Planned spending	FTEs	Planned spending	FTEs	Planned spending
16	*82,486*	3	*339*	3	*342*

Note:

1 RInC, described below, will terminate in 2010-2011, and this explains the substantial drop in spending for the following fiscal years. Under the *Infrastructure Canada Program*, there are only operating expenditures for the three fiscal years presented.

Program activity summary

Quality infrastructure is fundamental to prosperous communities. It attracts enterprises and workers, guarantees efficient movement of goods, and contributes to quality of life and a healthy environment. The Government of Canada has created a series of programs to renew and construct public infrastructure.

The Agency takes part in the implementation of different infrastructure programs for which Infrastructure Canada is accountable, notably the *Municipal Rural Infrastructure Fund* (announced in 2005), the *Canada Strategic Infrastructure Fund* (announced in 2005) and the *Building Canada Fund* (announced in 2007).

Canada's Economic Action Plan initiative

Human resources (FTEs) and planned spending *(in thousands of dollars)*				
	2009-2010		2010-2011	
	FTEs	Planned spending	FTEs	Planned spending
RInC	8	*6,098*	8	*74,317*
Shannon	0	*6,000*	0	*7,345*

RInC expected re	Performance indicators	Annual targets 2010-2011
Increase in economic opportunities	Demonstration of the link between projects and economic opportunities	The impact is seen through examples or case studies.
Partnership with Quebec and communities	Level of investment by other participants (province, municipalities, etc.) compared with federal contribution	For each $1 of federal contribution, at least $2 comes from the other partners.
Increase in construction activity related to recreational infrastructure	Number of projects successfully completed	Some 180 projects

Shannon expected result	Performance indicator	Annual target 2010-2011
Rural and urban communities have quality public infrastructure	Number of municipalities connected to quality drinking water systems	1

The *Recreational Infrastructure Canada* (RInC) program is a national initiative intended as a timely, targeted and temporary measure to stimulate the Canadian economy. Its goal is to contribute to mitigating the impact of the global recession by increasing the total value of recreational facility construction activity. Projects funded by this program are primarily intended to update, repair, replace or expand existing recreational infrastructure, such as swimming pools, arenas and sports fields. This initiative is being carried out in conjunction with the provinces, territories and municipalities, and First Nations. In Quebec, the program is implemented in partnership with the Government of Quebec.

The *Contribution program to supply the Municipality of Shannon with drinking water*, under CEAP, was implemented to enable the municipality of Shannon to receive a financial contribution from the Agency to set up a drinking water system and construct a reservoir and a pumping station.

Planning highlights and benefits to Canadians

By implementing the different infrastructure programs, the Agency will contribute, among other things, to increasing the number of households that will have access to new drinking water and wastewater infrastructure. Planning highlights with respect to these programs are to be found in Infrastructure Canada's *Report on Plans and Priorities*.[6]

6 See the Infrastructure Canada Website at www.infc.gc.ca.

As to CEAP, all projects approved under RInC will have to be completed as of March 31, 2011. The Agency expects the anticipated results to be attained.

2.2.3 Program activity: *Special intervention measures*

Program activity summary

The Agency generally does not have funds devoted to this program activity, which targets two quite specific objectives:

- Communities' adjustment to economic shocks: facilitate the definition and implementation of development and diversification opportunities in communities affected by significant job losses. The Agency assists communities and regions facing major economic shocks.
- Communities' adjustment to natural disasters: facilitate the adjustment of communities facing natural disasters.

Canada's Economic Action Plan initiative

Human resources (FTEs) and planned spending *(in thousands of dollars)*				
	2009-2010		2010-2011	
	FTEs	Planned spending	FTEs	Planned spending
CAF	*35*	*100,651*	*35*	*110,171*

***Community Adjustment Fund* expected result**[1]	**Performance indicators**	**Annual targets 2010-2011**
Communities' adjustment to economic shocks	Number of projects / initiatives generated	Ongoing performance measurement
	Value of investment generated in enterprises or communities	Ongoing performance measurement
	Jobs created, enterprises maintained, enterprises developed	Ongoing performance measurement
	Number of communities which have increased or enhanced their opportunities	Ongoing performance measurement

Note:

1 This table contains information relating to CEAP only.

The 2009 federal budget gave the Agency $211 million in funding, including $100.7 million in 2009-2010 and $110.3 million in 2010-2011, in support of CEAP, under the *Community Adjustment Fund* (CAF). The CAF is an economic stimulus initiative aimed at mitigating the impact of the economic downturn in the short term by contributing to the creation and maintenance of jobs, while meeting communities' challenges with respect to transition and adjustment.

The CAF is to terminate on March 31, 2011.

Planning highlights and benefits to Canadians

To help Quebec regions negotiate the global economic downturn, the Agency set up the CAF back in spring 2009, through the *Community Diversification* and *Business and Regional Growth* programs. This makes it possible to facilitate the processing of funding applications, thus accelerating the funding award process. The CAF primarily targets non-urban regions where job opportunities are more limited in an economic slowdown.

A significant portion of the CAF is devoted to the forestry sector, which was hard hit by the downturn. In that regard, a partnership was established between the Agency and the Quebec government:

- Six agreements were entered into to perform silviculture work for the period 2009-2011, particularly for the rehabilitation of poorly regenerated areas. The projects implemented through these agreements were the subject of consultation among local stakeholders. The joint contribution of the Government of Canada and the Government of Quebec amounts to $200 million over two years, including $100 million from the Agency.
- A seventh agreement has been signed to perform restoration work on water-course crossings on forest multi-use roads on Quebec public lands. Several Quebec regions will benefit from this joint funding, amounting to $30 million over two years, $15 million of it from the Agency.

In addition, $88 million from the CAF will support SMEs' and NPOs' projects, leading to maintenance and rapid creation of jobs. Numerous projects have already been approved, and we anticipate that FAC contribution funds will be almost fully committed as early as spring 2010. This will mean many projects are completed by the end of the initiative, March 31, 2011, creating temporary and permanent employment opportunities.

2.2.4 Program activity: *Enterprise Competitiveness*

Human resources (FTEs) and planned spending *(in thousands of dollars)*					
2010-2011		2011-2012		2012-2013	
FTEs	Planned spending	FTEs	Planned spending	FTEs	Planned spending
46	*73,759*	45	*68,008*	45	*62,167*

Program activity expected result	Performance indicators	Annual targets 2010-2011
Enterprises assisted are high-performance and competitive.	Number of enterprises involved in an approach to strategic management, market development or value chain management	1,550
	Number of innovative enterprises involved in an innovation management approach	200
	Number of innovative enterprises in startup or pre-startup phase	125
	Number of large corporations targeted whose investment has a significant impact on jobs or surrounding enterprises	6

Program activity summary

This program activity enables enterprises to improve their performance and become more competitive by increasing their productivity, revenue earned and job levels, thus contributing to creating conditions conducive to sustainable growth.

To support the competitiveness of enterprises, the Agency has two goals:

- development of enterprises' capacity – by improving capabilities with respect to management, innovation, adoption of advanced technology, market development, and integration with globalized production chains; and by encouraging support for organizations dedicated to improving enterprises' strategic capabilities in order to enhance SMEs' performance and contribute to their adjustment.
- support for strategic enterprises – by supporting the establishment and first phases of expansion of enterprises in economic activities deemed strategic for a region's development so as to consolidate its economic base.

This program activity primarily targets SMEs and NPOs, and is implemented through the *Business and Regional Growth* grants and contributions program.[7]

Planning highlights and benefits to Canadians

Beyond adjusting to the economic situation, all Quebec SMEs and regions are facing structural challenges to achieve their full potential for prosperity. Greater productivity, increased innovation capability and enhanced performance on the innovation commercialization front are substantial challenges. These three elements constitute the basis for preparing the economy of tomorrow. The Agency will use the tools available to it to help enterprises improve their performance and increase their competitive capability with respect to a highly competitive market.

The Agency's intervention with respect to *Enterprise Competitiveness* is directly in line with the *Support the economy of tomorrow by strengthening SMEs' productivity and performance* program priority. To pursue this priority, the Agency intends to pay special attention to development of enterprises' capabilities (management, innovation, adoption of advanced technology and value chain integration) and startup of innovative SMEs.

2.2.5 Program activity: *Competitive positioning of sectors and regions*

Human resources (FTEs) and planned spending *(in thousands of dollars)*					
2010-2011		2011-2012		2012-2013	
FTEs	Planned spending	FTEs	Planned spending	FTEs	Planned spending
30	*33,541*	30	*23,648*	29	*21,698*

Program activity expected result	Performance indicators	Annual targets 2010-2011
Sectors and regions enhance their competitive positioning.	Number of clusters and networks in development	8
	Number of applied research projects and technology transfers in progress	80

7 www.dec-ced.gc.ca/eng/programs/growth/growth.html

Program activity summary

This program activity aims to improve regions' international competitiveness by enhancing their knowledge and competitive advantages on the international stage.

The two goals targeted by this program activity are:

- Development of regional competitiveness poles and national- and international-calibre poles of excellence. To achieve this, the Agency supports innovation and networking of knowledge players; development of a critical mass of knowledge in sectors and regions; and technology enhancement and transfer.
- Enhancement of the international competitiveness of Quebec regions. To achieve this, the Agency supports the integrated promotion of locational factors, attraction of foreign direct investment and reinvestment by foreign firms already established in Quebec.

This program activity primarily targets SMEs and NPOs, and is supported by the *Business and Regional Growth* grants and contributions program.

Planning highlights and benefits to Canadians

This program activity aims primarily to pursue the development of competitiveness poles by fostering alliances among the different innovation stakeholders: knowledge institutions, enterprises and their groups, and SME support organizations. To support the economy and jobs of tomorrow, the Agency will back the consolidation of competitiveness poles in the regions so as to contribute to the creation of wealth and the outreach of sectors and regions. Thus, the Agency's intervention with respect to this program activity is aimed at improving Canada's competitive positioning.

2.2.6 Program activity: *Policies, programs and initiatives*

Human resources (FTEs) and planned spending *(in thousands of dollars)*					
2010-2011		2011-2012		2012-2013	
FTEs	Planned spending	FTEs	Planned spending	FTEs	Planned spending
44	*5,271*	43	*5,233*	43	*5,224*

Program activity expected results	Performance indicator	Annual targets 2010-2011
Quebec communities and regions benefit from adapted, consistent and effective federal action (*Policies, programs and initiatives*) that generates socio-economic spinoffs, and Quebec communities and regions can grasp development opportunities. The innovation commercialization process generates economic and social spinoffs in the medium and long term.	Extent to which policy analysis and policy research projects are helpful	Production and dissemination of knowledge on regional development issues, problems and best practices

Program activity summary

This program activity gives Quebec regions and communities the opportunity to benefit from federal action which, in particular, helps create and disseminate knowledge with respect to regional economic development that is useful for development stakeholders, and helps grasp business opportunities.

Four goals support this program activity:

- **Analysis and research:** help development stakeholders have overarching facts and data available to them to inform their reflection and facilitate their decision-making with respect to development trends, challenges and issues.
- **Policies and programs:** meet the needs of Quebec communities and regions by drawing up policy directions, programs, initiatives, policies and guidelines that are adapted and timely.
- **Representation and influence:** ensure that the realities of Quebec regions and communities are taken into account in the government's directions and programs, and enable them to grasp more effectively such business and development opportunities as may stem from national initiatives. This translates, for instance, into access to Canada-wide funds and programs and industrial and regional spinoffs from large-scale government projects.

- **Co-operation and collaboration:** give Quebec regions and communities the opportunity to take advantage of coherent, effective, concerted action when issues, needs or opportunities arise that can benefit from federal collaboration or co-operation with non-federal agencies, or when such collaboration is necessary or beneficial for the Agency or the Government of Canada.

Planning highlights and benefits to Canadians

Over the past few years, the Agency has increased its ability to intervene through studies and representation and dissemination activities, thus meeting the needs of regions, communities and SMEs.

While we observe some encouraging signs of an economic recovery, Quebec regions are facing structural challenges. In view of these numerous challenges (globalization, shortage of skilled labour, etc.), the Agency intends to give priority to strengthening the foundations of future, sustainable prosperity.

The Agency will take steps to generate and disseminate knowledge on regional development challenges, issues and best practices so as to strengthen regional economic development agents' capability and support their collaboration. In a longer-term perspective, these economic agents are expected to develop strategies to increase innovation capability, facilitate globalization and stimulate SMEs' investment.

In this way, the Agency will be in a position to guide Quebec's regions, enterprises and communities more effectively to face the challenges of the economy of tomorrow.

2.2.7 Program activity: *Internal services*

This program activity supports the achievement of the Agency's strategic outcome.

Internal services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations. For the Agency, these groups are:

- Governance and management support
- Resource management services
- Asset management services.

Internal services include only those activities and resources that apply across an organization and not those provided specifically to a program.

Financial resources *(in thousands of dollars)*			Human resources *(full-time equivalent – FTEs)*		
2010-2011	2011-2012	2012-2013	2010-2011	2011-2012	2012-2013
21,311	*20,962*	*20,931*	*146*	*143*	*143*

Internal services lead to greater efficiency during program delivery and thus contribute to the provision of quality services for Canadians.

2.3 Performance measurement strategy

The performance measurement strategy applied at the Agency is based on the systematic observation of outcome indicators identified in its performance measurement framework. These indicators will be used to conduct ongoing measurement of targeted outcomes and provide material for the Agency's strategic decision-making during fiscal year 2010-2011. Among the indicators that will be tracked are both output (activity) indicators and outcome indicators.

Owing to their nature, anticipated outcomes will occur over a relatively long period of up to five years. Most will not be observable in the year in which disbursement is made. For instance, it is often only after two years that an enterprise's expected increase in sales fully materializes following an investment carried out with Agency assistance. That is why the Agency's performance measurement strategy is spread over a five-year horizon and why the yearly performance measurement reports will, in the initial years, be limited to outputs, immediate outcomes and intermediate outcomes.

The Agency also has a performance measurement strategy geared to the transitory nature of the main measures in *Canada's Economic Action Plan*.

3 SUPPLEMENTARY INFORMATION

3.1 List of supplementary tables

All electronic supplementary information tables in the *Report on Plans and Priorities 2010-2011* are available on the Treasury Board of Canada Secretariat's Website at:

www.tbs-sct.gc.ca/rpp/2010-2011/index-eng.asp

Table 1: Details of Transfer Payment Programs

Table 2: Green procurement

Table 3: Horizontal initiative

Table 4: Internal audits and upcoming evaluations (next three fiscal years)

Table 5: Sources of non-respendable revenue

3.2 Other items of interest

Agency programs: www.dec-ced.gc.ca/eng/programs/index.html

Agency organizational chart:
www.dec-ced.gc.ca/eng/agency/chart/organizational.html

Business offices: www.dec-ced.gc.ca/eng/business-offices/business.html

Socio-economic profiles of Quebec regions:
www.dec-ced.gc.ca/eng/publications/economic/profiles.html